



Benefits Programs

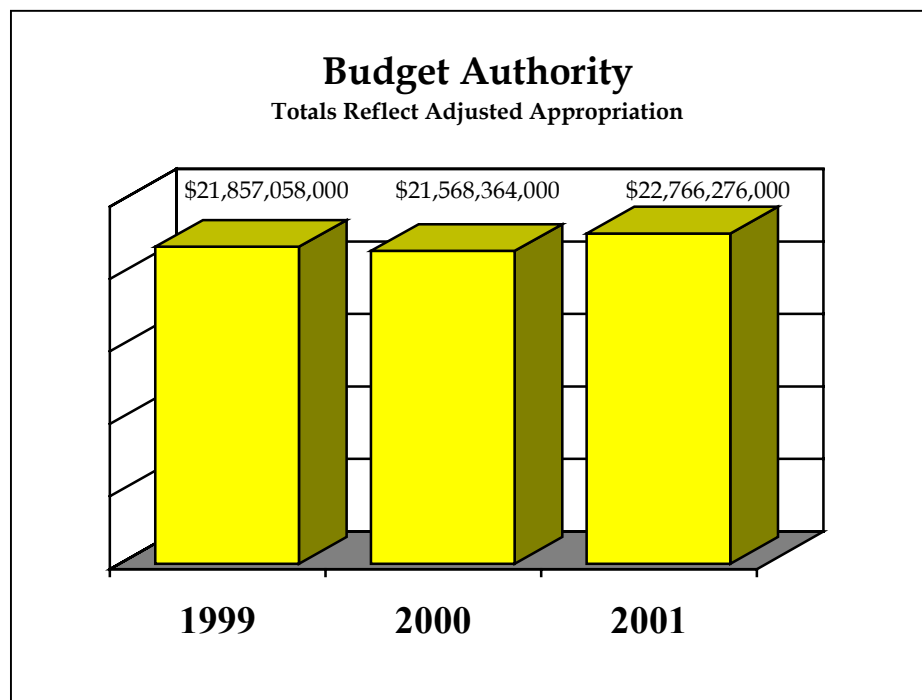
Compensation and Pensions

This appropriation provides for the payment of compensation benefits to disabled veterans, certain survivors, and eligible dependent children, pension benefits to wartime veterans rated permanently and totally disabled with limited income and their survivors, and burial and other miscellaneous benefits to certain veterans and their survivors.

Compensation benefits are an entitlement paid either as a disability or a survivorship benefit. Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. Eligibility criteria for veterans are based upon disabilities either incurred in or aggravated during active military service. The amount of the compensation to the veteran is based upon the disability or combination of disabilities and their impact on earning capacity. Survivors are eligible for benefits if the veteran died while on active duty, or died as a result of disabilities incurred while on active duty. Survivor benefits are payable as either death compensation, or dependency and indemnity compensation (DIC), depending on the date of the veteran's death. Public Law 102-568, the "Veterans' Benefits Act of 1992," added an additional survivor payment schedule for those coming on the rolls as a result of a veterans death occurring on or after January 1, 1993. For those individuals on the rolls from a death prior to January 1, 1993, the higher payment of either the new schedule or the schedule in effect on December 31 would prevail. This benefit is intended to compensate for the loss of family income. A clothing allowance is also provided for service-connected veterans who use a prescribed medication for a service-connected skin condition that stains their clothing or use a prosthetic or orthopedic appliance which tends to wear out or tear the clothing of such veteran. Public Law 103-446 authorizes the payment of compensation to those veterans who served in the Gulf theatre and are suffering from a chronic disability resulting from an undiagnosed illness. This same legislation allows DIC spouses to elect the VA survivor benefit that is most favorable to their specific circumstance. Public Law 104-275 established a pilot program to contract compensation and pensions physical exams at eight regional offices. This program began in 1998. Public Law 104-204 established compensation benefits and vocational training to the children of Vietnam veterans who are born with spina bifida. In addition, Public Law 105-178 reinstated DIC eligibility to those survivors whose remarriages were terminated.

Pensions is a needs based benefit provided to wartime veterans who have been rated permanently and totally disabled, as a result of a non-service-connected disability. Upon the death of the wartime veteran, the surviving spouse and children are eligible for a pension. There are no disability requirements for survivors. The payable amount is determined by the annual countable income, and the number of dependents of the recipient. Public Law 104-201 transferred administration of the Minimum Income for Widows program from the Department of Defense (DoD) to VA. Funding for the program is provided by an offsetting collection from DoD. Public Law 105-178 increased Aid and Attendance benefit rates by \$600 for pension-eligible veterans.

Burial benefits and allowances and other miscellaneous benefits are provided to eligible veterans and their survivors. Burial benefits include headstone, plot and other allowances and flags. Miscellaneous benefits include payments for such categories as emergency officers of World War I and certain other officers' retirement benefits, adjusted service and dependence pay, special allowance dependents' pay, and the Soldiers' and Sailors' Civil Relief insurance programs.



Budget authority of \$22,766,276,000 is requested for 2001 to provide compensation to 2.6 million recipients, pensions to 616 thousand recipients, and over 94 thousand burial allowances, and other miscellaneous benefits.

The request for 2001 does not reflect the December 1, 2000, 2.5 percent compensation cost-of-living increase currently being proposed to the Congress.

The 2001 obligation request for the Compensation and Pensions account is \$674 million over the 2000 current estimate. This increase does not include the \$345 million that will be required with the enactment of the proposed 2001 COLA.

The \$674 million increase in obligations is a net change and is due primarily to increases in caseload and average payments in compensation (\$595 million), the annualization of the 2.4 percent compensation COLA (\$65 million), the pension COLA (\$71 million), which is offset by decreases in caseload and average payment changes in pensions (\$-71 million), and increases in burial workload and average payment changes (\$3 million).

Obligations, Budget Authority and Outlays (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Veterans compensation	\$14,541,492	\$15,421,550	\$16,010,051	+\$588,501
Survivors compensation	3,412,425	3,522,325	3,600,000	+77,675
Children	12,653	9,499	9,734	+235
Clothing allowance	41,090	40,049	39,949	-100
Payments to GOE (P.L. 102-568)	1,031	1,388	1,266	-122
Medical exams pilot program	16,874	26,324	28,390	+2,066
Total compensation obligations ^{1/}	\$18,025,565	\$19,021,135	\$19,689,390	+\$668,255
Veterans pensions:				
Improved law	\$2,281,528	\$2,299,091	\$2,329,610	+\$30,519
Prior law	49,603	42,826	36,991	-5,835
Old law	392	336	288	-48
Subtotal, veterans pensions	\$2,331,523	\$2,342,253	\$2,366,889	+\$24,636
Survivors pensions:				
Improved law	\$644,954	\$623,349	\$607,636	-\$15,713
Prior law	91,565	82,507	74,473	-8,034
Old law	1,370	1,147	961	-186
Subtotal, survivors pensions	\$737,889	\$707,003	\$683,070	-\$23,933
Minimum income for widows	0	3,697	3,581	-116
Vocational training	37	20	15	-5
Payment to medical facilities (non-add)	(3,002)	(2,879)	(3,027)	+(148)
VBA OBRA reimbursement	9,940	9,343	8,521	-822
VHA OBRA reimbursement	5,106	5,018	7,632	+2,614
Total pension obligations	\$3,084,495	\$3,067,334	\$3,069,708	+\$2,374
Burial allowance	\$35,056	\$34,825	\$34,586	-\$239
Burial plot	11,183	11,423	11,691	+268
Service-connected deaths	12,740	12,720	12,677	-43
Burial flags	12,465	12,125	12,627	+502
Headstone/markers	23,655	33,600	34,500	+900
Headstone allowance	0	0	0	0
Regular graveliners	7,904	8,700	9,200	+500
Pre-placed crypts	2,912	12,900	14,400	+1,500
Total burial obligations	\$105,915	\$126,293	\$129,681	+\$3,388
Retired officers	36	18	19	+1
Special allowance dependents	385	395	401	+6
Equal access to justice	2,993	2,993	2,993	0
Total miscellaneous obligations	\$3,414	\$3,406	\$3,413	+\$7
Total, C&P appropriation obligations	\$21,219,389	\$22,218,168	\$22,892,192	+\$674,024
Unobligated balance: start of year	-273,773	-768,442	-122,335	+646,107
Unobligated balance: end of year	768,442	122,335	0	-122,335
Unobligated balance transferred, net	143,000	0	0	0
Offsetting collections	0	-3,697	-3,581	+116
Budget authority	\$21,857,058	\$21,568,364	\$22,766,276	+\$1,197,912
Appropriation	\$21,857,058	\$21,568,364	\$22,766,276	+\$1,197,912
Appropriation, adjusted	\$21,857,058	\$21,568,364	\$22,766,276	+1,197,912
Outlays	\$21,147,622	\$22,141,285	\$22,870,611	+\$729,326

1/ Does not reflect impact of the proposed 2.5 percent COLA, effective December 1, 2000.

<i>Administrative Resources Supporting Benefits Service Delivery</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
FTE	6,841	7,263	7,791	+528
Total Obligations	\$541,361	\$595,983	\$686,070	+\$90,087

<i>Caseload</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Compensation:				
Veterans	2,285,123	2,290,710	2,285,075	-5,635
Survivors	303,956	302,575	300,872	-1,703
Children	844	864	864	0
Clothing allowance (non-add)	75,604	75,785	75,598	+187
Total compensation	2,589,923	2,594,149	2,586,811	-7,338
Pensions:				
Veterans:				
Improved law	352,233	346,349	340,553	-5,796
Prior law	30,353	25,968	22,236	-3,732
Old law	372	318	271	-47
Subtotal	382,958	372,635	363,060	-9,575
Survivors:				
Improved law	189,921	184,550	180,094	-4,456
Prior law	89,577	79,930	71,457	-8,473
Old law	1,952	1,621	1,347	-274
Subtotal	281,450	266,101	252,898	-13,203
Minimum income for widows (non-add)	0	(594)	(562)	(-32)
Vocational training (non-add)	(8)	(7)	(5)	(-2)
Total pensions	664,408	638,736	615,958	-22,778
Burial:				
Burial allowances	86,405	85,300	84,200	-1,100
Burial plot	75,061	76,800	78,600	+1,800
Service-connected deaths	9,901	9,880	9,850	-30
Burial flags	549,018	519,400	526,200	+6,800
Headstone/markers	345,389	342,960	348,840	+5,880
Headstone allowance	3	0	0	0
Regular graveliners	49,738	49,583	50,362	+779
Pre-placed crypts	11,571	42,000	46,500	+4,500
Miscellaneous assistance:				
Retired officers	2	1	1	0
Equal Access to Justice	716	716	716	0
Special allowance dependents	138	138	138	0

In the compensation program, veteran's caseload shows a reduction of 5,635 cases from 2000 to 2001. This trend is expected to continue into the outyears as increases in caseload in Vietnam, Peacetime, and Gulf War will be offset by declining caseloads in earlier periods, particularly World War II.

The pensions caseload is estimated to decline by 22,778 cases. This decrease is program wide. The greatest decline occurs in Prior Law where caseload will decline by -12,205 cases. The Improved Law program is the only pension program that is still open.

The Burial program will experience a reduction in burial allowances of 1,100, whereas plot allowances increase by 1,800. Increases are also expected for headstones and markers (6,800) and for pre-placed crypts (4,500).

Proposed Legislation

Compensation

A 2.5 Percent Rate Increase for Compensation Benefits in 2001

Legislation will be proposed to provide a 2.5 percent rate increase to all compensation beneficiaries, including DIC spouses and children, effective December 1, 2000. The 2.5 percent increase is the expected increase in the Consumer Price Index and is the same increase estimated for Social Security benefits. The cost is estimated to be \$345 million.

Repeal the Delay of the October 2000 VA Compensation Payments

The Administration proposes a repeal of section 9305 of Public Law 105-33, the Balanced Budget Act of 1997, that delays October 1, 2000 compensation payments. This proposal is estimated to lower FY 2001 outlays by \$1.8 billion.

Pay Filipino Veterans and Survivors Full Disability Compensation

The administration proposes to pay full disability compensation benefits to Filipino veterans and their survivors residing in the United States. Currently, these beneficiaries receive half the rate of their U.S. citizen counterparts. The cost of this proposal is estimated to be \$5 million the first year and \$25 million over five years.

The Administration Proposes Permanent Extension of Certain OBRA Provisions

The Administration proposes that the following provisions under Public Law 101-508, the Omnibus Budget Reconciliation Act of 1990 (OBRA), currently set to expire at the close of 2002, be permanently extended:

- **Round down to the next lower dollar COLA adjustments to disability compensation and DIC.** Savings realized from the extension of this provision are estimated to be \$16 million in 2003 and \$34 million in 2004.
- **Extension of authority to verify income of beneficiaries.** This extension is estimated to yield savings of approximately \$6 million in 2003.

Readjustment Benefits

This appropriation provides for the payment of readjustment and rehabilitation benefits for eligible veterans and servicepersons and for eligible dependents of: (a) those veterans who either died from service-connected causes or have a total and permanent rated service-connected disability; and (b) servicepersons who were prisoners of war or missing in action pursuant to 38 U.S.C. chapter 35.

Vocational rehabilitation training is provided to certain service-disabled veterans along with specially adapted housing grants, and automobile grants with the associated approved adaptive equipment. Beneficiary travel for vocational rehabilitation trainees is also funded by the Readjustment Benefits account.

Public Laws 98-525 and 100-48 provide educational assistance to veterans whose initial entry on active duty takes place after July 1, 1985. These benefits are included in the All-volunteer force educational assistance program (Montgomery GI Bill) authorized under 38 U.S.C. chapter 30. Basic benefits are funded through appropriations made to the Readjustment Benefits appropriation. Supplemental benefits are also provided to certain veterans. These benefits are funded through transfers from the Department of Defense. This law also provides education assistance to certain members of the Selected Reserve. Transfers from the Department of Defense and Department of Transportation fund reservists' training. Public Law 101-510, enacted on November 5, 1990, allows servicepersons enrolled or eligible to reenroll in the Post-Vietnam Era Veterans Education Program (VEAP), who are involuntarily separated from the service on or after February 3, 1991, an opportunity to make an irrevocable election to receive assistance under the Montgomery GI Bill (MGIB) educational assistance program in lieu of VEAP.

Effective October 23, 1992, Public Law 102-484, "National Defense Authorization Act for Fiscal Year 1993", extended the same opportunity to certain servicepersons who voluntarily separate from the military on or after December 5, 1991. Public Law 104-275, "The Veterans Benefits Improvement Act of 1996," provides chapter 32 (and section 903) servicepersons the opportunity to make an irrevocable election to enroll in the MGIB program. This law provides that the serviceperson must have been a VEAP participant on October 9, 1996. Individuals who make an election will be disenrolled from the VEAP program and required to pay \$1,200 to become eligible for the MGIB program.

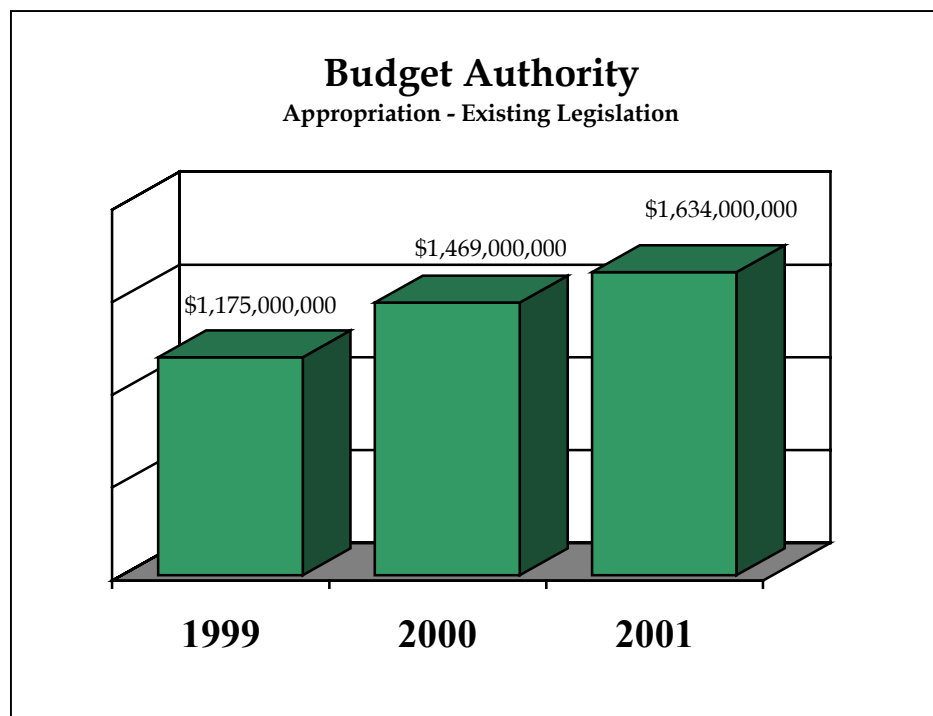
Public Law 103-446, enacted on November 2, 1994, made permanent a pilot program under which Montgomery GI Bill benefits could be used for flight training necessary for the attainment of a recognized vocational objective in the field of aviation. This benefit is available to both veterans and reservists.

Work-study payments are provided to eligible persons pursuing a program of rehabilitation, education, or training under chapters 30, 31, 32, and 35 of title 38, U.S.C. and chapter 1606 of title 10.

Also funded under this program are payments to State Approving Agencies. This activity provides for the reimbursement of the costs associated with inspecting, approving and supervising programs of education and training offered by educational institutions in which veterans, dependents, and reservists are enrolled.

An appropriation of \$1,634 million is requested in 2001 to support programs funded by the Readjustment Benefits appropriation. This appropriation level will provide funds to support the training of 48,530 dependents of disabled veterans and 50,985 disabled veterans receiving vocational training. In addition, funds appropriated to this account along with transfers primarily from the Department of Defense will provide training to 309,300 veterans and servicepersons, and 70,900 reservists under the Montgomery GI Bill.

Budget authority for FY 2001 reflects the one-time \$30 million funding adjustment from the Readjustment Benefits appropriation to the General Operating Expenses appropriation for administrative services to conform with section 1301(a) to title 31, USC. A detailed explanation of this transfer can be found in Volume 1, under the Readjustments Benefits chapter.



<i>Obligations, Budget Authority and Outlays</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Obligations:				
Dependents education and training	\$135,787	\$141,806	\$148,148	+\$6,342
Special assistance to disabled veterans	463,247	469,072	444,141	-24,931
Work-study	34,293	33,400	35,100	+1,700
Payments to state approving agencies	13,000	13,000	13,000	0
All-volunteer force educational assistance	989,174	991,596	1,224,778	+233,182
Reporting fees	N/A	3,530	3,771	+241
Total obligations	\$1,635,501	\$1,652,404	\$1,868,938	+\$216,534
Offsetting collections(-)	187,068	184,685	200,106	-15,421
Transfer from other accounts	-143,000	0	0	0
Change in unobligated balance	-130,075	+1,281	-34,832	-36,113
Budget authority (net)	\$1,175,358	\$1,469,000	\$1,634,000	+\$165,000
Appropriation	\$1,175,000	\$1,469,000	\$1,634,000	+\$165,000
Outlays (net)	\$1,445,217	\$1,491,000	\$1,689,000	+\$198,000

<i>Administrative Resources Supporting Benefits Service Delivery ^{1/}</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
FTE	1,821	1,762	1,745	-17
Total Obligations (\$ 000)	\$142,354	\$149,314	\$189,113	+\$39,799

1/ Administrative resources reflected above include funds to administer the Education and Vocational Rehabilitation programs.

Dependents Education and Training

The number of trainees in 2001 is expected to increase by 2,110 over the 2000 level. Obligations for education and training will increase by \$6.3 million over the 2000 level. The increased activity in this program reflects more eligible dependents completing their training and spouses and widows(ers) reaching their delimiting date.

<i>Education and Training Obligations</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Sons and daughters	\$121,333	\$126,340	\$131,382	+\$5,042
Spouses and widows(ers)	14,454	15,466	16,766	+1,300
Total obligations	\$135,787	\$141,806	\$148,148	+\$6,342

<i>Education and Training Caseload</i>				
Sons and daughters	38,700	40,300	41,900	+1,600
Spouses and widows(ers)	5,723	6,120	6,630	+510
Total trainees	44,423	46,420	48,530	+2,110

Rehabilitative Assistance to Disabled Veterans

Through the vocational rehabilitation program, a subsistence allowance and all costs associated with vocational courses are paid. Housing grants not to exceed \$43,000 are made for specially adapted housing to seriously disabled veterans, and grants not to exceed \$8,250 are made to veterans with service-connected blindness or the loss or loss of use of both upper extremities. Certain seriously disabled veterans are eligible for a one-time payment not to exceed \$8,000 for the initial purchase of an automobile or other conveyance, plus equipment adapting it for the use of a disabled person. The program covers repairs, maintenance, replacement and installation. The transportation costs incurred by veterans for vocational rehabilitation travel, including a special transportation allowance to veterans who have incurred travel expenses because of their disability, will be funded by the Readjustment Benefits appropriation.

<i>Rehabilitative Obligations</i> (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Vocational rehabilitation	\$411,592	\$416,718	\$391,887	-\$24,831
Housing grants	20,275	21,065	21,065	0
Automobiles and other conveyances	7,537	7,589	7,589	0
Adaptive equipment	23,843	23,700	23,600	-100
Total obligations	\$463,247	\$469,072	\$444,141	-\$24,931

<i>Rehabilitative Caseload</i>				
Vocational rehabilitation	52,284	51,630	50,985	-645
Housing grants	770	800	800	0
Automobiles and other conveyances	1,023	1,030	1,030	0
Adaptive equipment	8,593	8,344	8,102	-242

Trainee participation for vocational rehabilitation is projected to decline slightly in 2000 to 51,630 from 52,284 in 1999 and to 50,985 in 2001 from the 2000 projected level. The decline can be attributed to the impact of Public Law 104-275, "The Veterans Benefits Improvement Act of 1996," which revised the Davenport v. Brown COVA ruling by reestablishing the requirement that a veteran's employment handicap must be as a result of a service-connected disability in order to receive VA vocational rehabilitation benefits.

Public Law 102-568 provides that monthly subsistence allowance payments are subject to annual Consumer Price Index (CPI) adjustments. Effective October 1, 1999, the monthly subsistence allowance was increased to \$420.45. Also, effective October 1, 1993, vocational rehabilitation services were extended to certain veterans rated 10 percent disabled with serious employment handicaps.

All-Volunteer Force Educational Assistance

Veterans

Public Laws 98-525 and 100-48 provide educational assistance to veterans whose initial entry on active duty takes place after June 30, 1985.

The veteran participant has his or her salary reduced \$100 a month for each of the first twelve months the individual is in the service. These funds are deposited into the Treasury general receipt account.

The Readjustment benefits account pays the basic benefits, up to a maximum of \$536.00 per month, for full-time training to all trainees except for the Post-Vietnam Era (VEAP) participants who converted under Public Laws 101-510 and 102-484 that the Department of Defense funds. The Department of Defense funds supplemental benefits. Public Law 102-568 provides that Montgomery GI Bill monthly basic benefit rates are subject to annual CPI adjustments. In 1999, \$811 million in basic benefits and \$75 million in supplemental benefits were paid to 288,052 veterans and servicepersons. In 2000, it is expected that \$813 million in basic benefits and \$77 million in supplemental benefits will be paid to 279,100 veterans and servicepersons. The 2001 funding levels include funds to support the training of 309,300 veterans and servicepersons. It is estimated that basic benefits will total \$1,029 million and supplemental benefits will be \$90 million, as more individuals become eligible for benefits.

Reservists

Certain members of the Selected Reserve (members who enlist, re-enlist or extend their enlistment for a six year period) are entitled to receive up to \$255.00 a month for thirty-six months. The current full-time benefit rate reflects the normal COLA adjustment under Public Law 102-568. During 2001, reservists' benefits are estimated to cost \$106 million for 70,900 trainees. The Department of Defense and the Department of Transportation through the Department of Veterans Affairs pay these payments.

<i>All-Volunteer Force Educational Assistance</i> (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) / Decrease(-)
Veterans' and servicepersons' basic benefits	\$811,201	\$813,436	\$1,029,303	+\$215,867
Veterans' and servicepersons' supplementary benefits	75,308	77,300	89,600	+12,300
Reservists' benefits	102,665	100,860	105,875	+5,015
Total obligations	\$989,174	\$991,596	\$1,224,778	+\$233,182

<i>Caseload</i>				
Veterans and servicepersons	288,052	279,100	309,300	+30,200
Reservists	73,580	71,300	70,900	-400
Total trainees	361,632	350,400	380,200	+29,800

Work-study payments

In 1999, the number of contracts approved for work-study was 26,543. In 2000, an estimated \$33.4 million will be provided for 26,500 approved contracts for trainees eligible under chapters 30, 31, 32, 35 and 1606. A student pursuing at least a three-quarter time program who agrees to work up to a maximum of 25 hours per week for the number of weeks in the enrollment period will be paid the higher of the federal or state minimum wage. The federal minimum wage is \$5.15.

<i>Summary of Obligations</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Obligations	\$34,293	\$33,400	\$35,100	+\$1,700
Number of contracts approved	26,543	26,500	27,400	+900

Payments to States

This appropriation provides for the reimbursement of State Approving Agencies (SAAs) for the costs of inspecting, approving and supervising programs of education and training offered by educational institutions and training establishments in which veterans, dependents and reservists are enrolled or are about to enter. Public Law 101-237 provides that, effective October 1, 1989, funding provided to SAAs from the Readjustment benefits account may be used for expenses incurred in connection with developing a national training curriculum for SAA employees (excepting administrative overhead). Public Law 103-446 increased the maximum amount permitted to be obligated for this activity by \$1 million to \$13 million in any year, effective October 1, 1994.

<i>Summary of Obligations</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Obligations	\$13,000	\$13,000	\$13,000	0

Reinstated Entitlement Program for Survivors

In accordance with Public Law 97-377, this program restores Social Security benefits to certain surviving spouses and children of veterans who died of service-connected causes, which were eliminated by the "Omnibus Budget Reconciliation Act of 1981", Public Law 97-35. The funding for this program is provided in the form of offsetting collections from the Department of Defense, and, therefore, no budget authority is requested.

<i>Obligations, Outlays, and Workloads</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Obligations:				
Spouses	\$3,066	\$2,890	\$2,500	-\$390
Children-in-school	12,146	11,610	10,400	-1,210
Operating expenses, VA	542	535	520	-15
Operating expenses, Social Security Administration	15	15	10	-5
Retroactive payments	0	0	0	0
Subtotal	\$15,769	\$15,050	\$13,430	-\$1,620
Return of overpayment to DoD	1,774	450	0	-450
Total obligations	\$17,543	\$15,500	\$13,430	-\$2,070
Receipts from the Department of Defense	\$18,888	\$15,500	\$13,430	-\$2,070
Outlays (net)	\$1,466	\$0	\$0	\$0
Workload:				
Spouses	259	225	190	-35
Children-in-school	1,098	970	840	-130

Proposed Legislation

Legislation has been proposed to provide a 2.5 percent cost-of-living adjustment to surviving spouses in receipt of Dependency and Indemnity Compensation (DIC) effective December 1, 2000. Under section 156, Public Law 97-377, this increase must also be granted to beneficiaries under this program.

Vocational Rehabilitation Revolving Fund

Currently, loans of up to \$841, twice the amount of the indexed full-time subsistence allowance for a veteran with no dependents under 38 U.S.C. chapter 31, are available to service-connected disabled veterans participating in VA's Vocational Rehabilitation and Employment program when the rehabilitation counselor believes the veteran temporarily needs additional financial assistance.

The enactment of Public Law 101-508, the Federal Credit Reform Act of 1990, implemented a consistent and comparable basis of measuring the costs of cash and credit transactions so that proper budgetary decisions on the use of limited financial resources can be made. The essence of credit reform is to separate the subsidy costs from the nonsubsidized cash flows of credit transactions, and to focus on the former for budgeting and analysis.

The accounts, developed to accomplish the objectives of credit reform which make up the Vocational Rehabilitation Revolving Fund, are presented as follows:

Liquidating Account

This account will record all cash flows associated with direct loan obligations made before 1992.

All new loan activity will be recorded in corresponding program and financing accounts. Because all loans made prior to 1992 have been repaid, there is no data shown in this budget.

Program Account

This account, as required, will record the subsidy costs associated with the direct loans obligated in 1992 and beyond, as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis. In the President's budget, this account has been consolidated in a single fund called the Miscellaneous Veterans Programs Loan Fund Program Account.

<i>Obligations, Outlays, and Workloads</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Obligations:				
Direct loan subsidy	\$49	\$57	\$52	+\$5
Administrative expenses	400	415	432	+17
Total obligations	\$449	\$472	\$484	+\$12
Unobligated balance expired	0	0	0	0
Budget authority (appropriation)	\$449	\$472	\$484	+\$12
Outlays (net)	\$449	\$472	\$484	+\$12
Workload employment and subsidy rate:				
Number of loans made	4,074	4,600	4,700	+\$100
Average loan amount	\$530	\$550	\$580	+\$30
Total amount disbursed	\$2,158	\$2,531	\$2,726	+\$195
Subsidy rate (percent)	2.27	2.23	1.88	-.35
Average employment	9	9	9	0

An appropriation of \$484,000 is requested to provide for subsidy payments to the Vocational Rehabilitation Direct Loan Financing Account and administrative expenses to the General Operating Expenses appropriation.

Direct loan subsidy payments in 2001, based on an estimated 4,700 loans to be made and a subsidy rate of 1.88 percent, are estimated to be \$52,000. In addition, \$432,000 will provide for an estimated average employment of nine FTE required for the issuance and accounting of loans disbursed and for nonpayroll costs attributed to this program.

Direct Loan Financing Account

The financing account will record the cash flows associated with direct loan obligations made in 1992 and beyond. These cash flows include loan disbursements, principal repayments, and interest paid on treasury borrowing. In the President's budget, this account has been consolidated in a single fund called the Miscellaneous Veterans Programs Loan Fund Direct Loan Financing Account.

<i>Obligations, Financing, and Collections</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Obligations:				
Direct loans made	\$2,158	\$2,531	\$2,726	+\$195
Interest on treasury borrowing	150	59	67	+8
Total obligations	\$2,308	\$2,590	\$2,793	+\$203
Financing/disbursements (gross):				
Financing authority (authority to borrow)	\$2,308	\$2,590	\$2,793	+\$203
Financing disbursements	\$2,317	\$2,579	\$2,792	+\$213
Collections(-)				
Payments from program account	\$49	\$57	\$52	-\$5
Loan repayments	2,082	2,450	2,648	+198
Total collections	\$2,131	\$2,507	\$2,700	+\$193
Financing/disbursements (net):				
Financing authority (authority to borrow)	\$177	\$83	\$93	+\$10
Financing disbursements	\$186	\$72	\$92	+\$20

In 2001, based on 4,700 loans anticipated to be made, it is estimated that obligations for direct loans made will total \$2,726,000. Collections during the same period are estimated to be \$2,700,000: \$52,000 from subsidy payments and \$2,648,000 from loan repayments.

Education Loan Fund

The Vietnam-era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508) established the Department of Veterans Affairs' Education Loan Fund. The program is used to provide loans of up to \$2,500 to surviving spouses meeting eligibility under chapter 35 of title 38, U.S.C.

The enactment of Public Law 101-508, the Federal Credit Reform Act 1990, implemented a consistent and comparable basis of measuring the costs of cash and credit transactions so that proper budgetary decisions on the use of limited financial resources can be made. The essence of credit reform is to separate the subsidy costs from the nonsubsidized cash flows of credit transactions, and to focus on the former for budgeting and analysis.

To accomplish the above objectives, credit reform separated the Education Loan Fund into the following accounts:

Liquidating Account

This account was established to record all cash flows associated with all direct loan obligations made before 1992. In the President's budget, this account has been consolidated with the Miscellaneous Veterans Programs Loan Fund.

<i>Summary of Obligations, Collections, and Workloads</i> (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Offsetting collections: (-)				
Loans repayments (current)	\$13	\$9	\$7	-\$2
Amounts recovered from defaults	94	75	50	-25
Interest	76	62	41	-21
Total	\$183	\$146	\$98	-\$48
Number in default (EOY)	336	257	197	-60
Amount in default (EOY)	\$288	\$208	\$155	-\$53
Number of loans outstanding (EOY)	390	298	228	-70
Average loans outstanding (whole dollars)	\$813	\$768	\$737	-\$31
Amount of loan outstanding (EOY)	\$317	\$229	\$168	-\$61

This account records only the repayments from loans outstanding at the end of 1991. All new activity (since 1992) is recorded in corresponding program and financing accounts. Collections are expected to decline by \$48,000, as fewer loans remain outstanding. The number of loans in a default status also is declining as more of these loans are being repaid in full.

Collections in 1999 totaled \$183,000 and were comprised of \$13,000 from loan repayments, \$94,000 in amounts recovered from defaulted loans, and \$76,000 from interest earnings. Collections are expected to decline, as fewer loans remain outstanding.

Program Account

This account, as required, will record the subsidy costs associated with the direct loans obligated in 1992 and beyond, as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis, the administrative expenses are estimated on a cash basis. In the President's budget, this account has been consolidated in a single fund called the Miscellaneous Veterans Programs Loan Fund Program Account.

<i>Obligations, Outlays, and Workloads</i>				
<i>(dollars in thousands)</i>				
	1999	2000	2001	Increase(+)
	Actual	Estimate	Estimate	Decrease(-)
Obligations:				
Direct loan subsidy	\$0	\$1	\$1	\$0
Administrative expenses	206	214	220	+6
Total obligations	\$206	\$215	\$221	+\$6
Budget authority (appropriation)	\$206	\$215	\$221	+\$6
Outlays	\$206	\$215	\$221	+\$6
<i>Workload, employment and subsidy rates</i>				
Number of loans made	0	2	2	0
Average loan amount (whole dollars)	\$0	\$1,700	\$1,700	\$0
Total amount disbursed	\$0	\$3	\$3	\$0
Subsidy rate (percent)	32.75	29.68	13.93	-15.75
Average employment	4	4	4	0

Budget Authority of \$221,000 is being requested to provide for subsidy payments to the Direct Loan Financing account and administrative expenses to the General Operating Expenses appropriation.

In 2001, two loans are estimated to be made. The subsidy payment, based on a subsidy rate of 13.93 percent, is estimated to be \$1,000. The administrative expenses consist of \$220,000 and four FTE.

Direct Loan Financing Account

This account will record the cash flows associated with direct loans obligations made in 1992 and beyond. These cash flows include loan disbursements, principal repayments, and interest paid on treasury borrowing. In the President's budget, this

account has been consolidated in a single fund called the Miscellaneous Veterans Programs Loan Fund Direct Loan Financing Account.

<i>Obligations, Financing, and Collections</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Obligations:				
Direct loans made	\$0	\$3	\$3	\$0
Interest on treasury borrowing	0	0	0	0
Total obligations	\$0	\$3	\$3	\$0
Financing/disbursements (gross):				
Financing authority (authority to borrow)	\$0	\$3	\$3	\$0
Financing disbursements	\$0	\$3	\$3	\$0
Collections:				
Payments from program account	\$0	\$1	\$1	\$0
Total collections(-)	\$0	\$1	\$1	\$0
Financing/disbursements (net):				
Financing authority (authority to borrow)	\$0	\$2	\$2	\$0
Financing disbursements	\$0	\$2	\$2	\$0

Direct loan obligations made during 2001 are estimated to be \$3,400 for two loans made. Subsidy payments of \$1,000 will be collected from the program account.

Post-Vietnam Era Veterans Education Account

Public Law 94-502 established the Post-Vietnam Era Veterans Education Program. This account consists of voluntary contributions by eligible servicepersons and matching contributions, on a two-for-one basis, provided by the Department of Defense. The fund provides educational assistance payments to participants who entered the service after December 31, 1976, and before July 1, 1985, and are pursuing training under chapter 32, title 38 U.S.C. The "Department of Defense Authorization Act, 1981" (Public Law 96-342) included two new educational assistance programs for certain individuals who enlisted or reenlisted in the Army, Navy, Air Force or Marine Corps after September 30, 1980 and before October 1, 1981. Section 901 of that act is a non-contributory program with educational assistance provided by the Department of Defense. Section 903 authorizes the Department of Defense to make the monthly contributions for certain post-Vietnam era participants. Public Law 98-525, enacted October 19, 1984, precluded new enrollments into this program during the period July 1, 1985 to June 30, 1988. Public Law 99-576, enacted October 28, 1986, closed the program permanently but provided a grace period for new enrollments of eligible servicepersons until March 31, 1987. Public Law 104-275, "The Veterans Benefits Improvement Act of 1996," extended to chapter 32 (and section 903) servicepersons the opportunity to make an irrevocable election to enroll in the MGIB educational assistance program in lieu of VEAP. The serviceperson must have been a VEAP participant on October 9, 1996. Individuals, who make the election, will be disenrolled from the VEAP program and required to pay \$1,200 to become eligible for the MGIB program.

<i>Post-Vietnam Era Veterans Education Account</i>				
<i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease(-)
Obligations:				
Payments to post-Vietnam era trainees	\$3,657	\$3,804	\$2,995	-\$809
Payments to section 901 trainees	53	118	84	-34
Participant disenrollments	15,241	15,400	15,050	-350
Total obligations	\$18,951	\$19,322	\$18,129	-\$1,193

Budget Authority, Outlays, and Workloads (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Total income (budget authority):				
Post-Vietnam era education:				
Contributions from servicepersons	\$2,555	\$1,820	\$910	-\$910
Department of Defense (matching)	2,261	0	0	0
Department of Defense (bonus)	100	0	464	+464
Department of Defense (section 901)	236	0	0	0
Department of Defense (section 903)	0	0	0	0
Total income (budget authority)	\$5,152	\$1,820	\$1,374	-\$446
Total outlays	\$20,467	\$19,500	\$17,900	-\$1,600
Workload:				
Participants (EOY)	231,785	209,785	189,185	-20,600
Trainees	3,939	2,800	1,900	-900
Section 901 trainees	36	40	30	-10
Disenrollments	22,553	22,000	21,500	-500

The 2001 obligations are estimated to be \$1.2 million lower than 2000. Training obligations will decline by almost \$1 million from the 2000 level of \$3.8 million, as a result of 900 fewer trainees in 2001. Disenrollment obligations are projected to decrease by \$350,000 from the 2000 level of \$15.4 million. Under Section 901, trainees are expected to decrease from 40 to 30, with decreasing obligations of \$34,000.

Throughout 2001, participants and contributions will decrease since this program is now closed to new enrollments. The peak year for training in this program was 1988 when the number of trainees reached 87,486.

The budget authority for this account is a permanent and indefinite authorization consisting of transfers from the Department of Defense and voluntary contributions by eligible servicepersons. The authority to distribute these funds does not require annual appropriation action by the Congress.

Veterans Housing Benefit Program Fund

The "Federal Credit Reform Act of 1990," Public Law 101-508, changed the accounting for Federal credit programs to make it consistent with and comparable to non-credit transactions. The intent of credit reform is to separate the subsidy costs (costs to the government) from the nonsubsidized cash flows of credit transactions and to focus on the former for budgeting and analysis. The Native American Veterans Housing Loan Program Account is being submitted separately because under current legislation, it is a pilot program terminating on December 31, 2001. The Veterans Benefits Enhancement Act of 1998 (P.L. 105-368) established the Guaranteed Transitional Housing Loans for Homeless Veterans Account. This account is also being submitted separately as it too is a pilot program.

Program Description

All loans guaranteed prior to September 30, 1991, are scored in the Veterans Housing Benefit Program Fund (VHBPF) Liquidating Account. Under the "Federal Credit Reform Act of 1990," all loans guaranteed after September 30, 1991, are financed by subsidy appropriations to the VHBPF Program Account. This account will also receive an appropriation for administrative expenses.

The principal objective of this loan guaranty program is to encourage and facilitate the extension of favorable credit terms by private lenders to veterans for the purchase, construction, or improvement of homes to be occupied by veterans and their families. The program operates by substituting the Federal Government's guaranty for the downpayment that would otherwise be required when a veteran or reservist purchases a home. Eligible individuals are thus able to finance home purchases even though they may not have the resources to qualify for conventional loans. Currently, the guaranty amount is as follows:

- 50 percent for loans \$45,000 or less;
- \$22,500 for loans greater than \$45,000 but not more than \$56,250;
- the lesser of \$36,000 or 40 percent for loans greater than \$56,250 but not more than \$144,000; or
- the lesser of \$50,750 or 25 percent for loans greater than \$144,000 to purchase or construct a home.

In the event of an insoluble default, VA, through its contract of guaranty, will pay any loss sustained by the holder of the loan, up to the amount of the guaranty. To offset program expenses, a variable funding fee, based upon the type of loan and downpayment, is collected on guaranteed loans and is deposited in the VHBPF Guaranteed Loan Financing Account. For a first time user, a loan fee of 2.00 percent (2.75 percent for reservists) is collected on loans to purchase or construct a home, if the veteran makes less than 5 percent downpayment. If the veteran makes a

downpayment of at least 5 percent, but less than 10 percent, the loan fee is reduced to 1.5 percent (2.25 percent for reservists), and reduced to 1.25 percent (2.0 percent for reservists) if the veteran makes a downpayment of 10 percent or more. Veterans and reservists pay increased funding fees for second and subsequent use of the loan program (except for interest rate reduction refinancing loans). A loan fee of 3.00 percent is collected on loans to purchase or construct a home, if the veteran or reservist makes less than a 5 percent downpayment. The loan fees for subsequent use are the same as first time use where the veteran or reservist makes a 5 or 10 percent downpayment. The loan fee is 0.5 percent for interest rate reduction refinancing loans. A regular refinancing loan has a fee of 2.00 percent for a first time use veteran and 2.75 percent for the first time use reservist. A fee of 2.25 percent is collected on vendee loans, which is deposited in the VHBPF Direct Loan Financing Account. Persons who assume loans pay a fee of 0.5 percent. Service-connected disabled veterans receiving compensation are exempt from paying the loan fee, as are surviving spouses of veterans who died from a service-connected disability.

A person who pays a fee for a loan guaranteed or insured after December 31, 1989, or who is exempt from payment of the fee, shall have no liability to VA for any loss resulting from default except in the case of fraud, misrepresentation, or bad faith. This exemption does not apply to manufactured homes under section 3712 or loan assumptions.

VA is authorized to make direct loans to certain severely disabled veterans in connection with Specially Adapted Housing Grants. The maximum loan amount is \$33,000.

Veterans may also obtain guaranteed loan financing to buy a new or used manufactured home and/or buy or improve a lot for placement of a manufactured home. The guaranty amount is the lesser of 40 percent of the loan amount or \$20,000. Veterans are charged a funding fee of one percent of the loan amount.

The 2001 budget assumes VA will eliminate the vendee loan operations, effective December 31, 2000, by utilizing existing discretion provided to the Secretary under current law.

Proposed Legislation

Legislation is being proposed to make permanent the three provisions of the Omnibus Budget Reconciliation Act of 1993 (OBRA) due to expire September 30, 2002: (1) The loan origination fee increase of .75 percent; (2) the three percent fee for multiple home loans with less than five percent down; and (3) the current law on resale losses on loans.

Liquidating Account

The Veterans Housing Benefit Program Fund, Liquidating Account records all cash flows to and from the Government resulting from direct loans obligated and loan guarantees committed prior to 1992. This account is shown on a cash basis. New loan activity in this account, such as vendees established and loans acquired, is recorded in the Direct Loan Financing Account.

<i>Veterans Housing Benefit Program Fund - Liquidating Account</i>				
<i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Losses on defaulted guaranteed loans	\$116,934	\$102,105	\$87,775	-\$14,330
Property acquisition costs	\$200,069	\$183,554	\$175,309	-\$8,245
All other	\$84,793	\$77,862	\$80,893	\$3,031
Total obligations	\$401,796	\$363,521	\$343,977	-\$19,544
Changes in unobligated balances, and other:	\$73,356	-\$114,353	\$0	-\$114,353
Budget Authority (net)	\$153,555	\$0	\$0	\$0
Collections:				
Recoveries from direct loan financing	\$283,068	\$275,885	\$92,697	-\$183,188
All other	\$417,250	\$238,749	\$347,510	+\$108,761
Total collections	\$700,318	\$514,634	\$440,207	-\$74,427
Total obligations	\$401,796	\$363,521	\$343,977	-\$19,544
Total collections	\$700,318	\$514,634	\$440,207	-\$74,427
Change in obligated balances	-\$72,267	\$12,357	\$6,310	-\$6,047
Outlays (net)	-\$370,788	-\$138,756	-\$89,920	+\$48,836
Workload:				
Property acquisitions processed	4,876	4,381	4,095	-286
Claims processed	3,795	3,246	2,730	-516
Properties sold	5,823	4,987	4,608	-379
Property inventory (EOY)	2,565	2,353	2,192	-161

For the Liquidating Account, it is anticipated that 2001 obligations will total \$344 million. This obligation level is \$19.5 million below the estimated 2000 level. The decrease is basically due to paying fewer property acquisitions for \$8.2 million and fewer claims for \$14.3 million. Obligations are expected to continue declining as the number of guaranteed loans remain outstanding in the Liquidating Account. As the number of foreclosures declines, the number of acquisitions that eventually lead to vendee and cash sales of properties also declines, thus reducing the annual amount of collections.

In 2001, no budget authority is being requested for the Liquidating Account, as sufficient offsetting collections are available to fully fund program obligations.

Program Account

The Veterans Housing Benefit Program Fund, Program Account records the subsidy costs (costs to the government) associated with direct loans obligated and loan guarantees committed since 1992, as well as the administrative expenses associated with operating the housing programs. Subsidy costs are calculated on a net present value basis; the administrative expenses are estimated on a cash basis.

<i>Veterans Housing Benefit Program Fund - Program Account</i>				
<i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Direct loan subsidy	\$127,050	\$55,576	\$11,813	-\$43,763
Guaranteed loan subsidy	\$198,219	\$218,388	\$112,234	-\$106,154
Guaranteed loan sale subsidy	\$51,981	\$106,173	\$41,693	-\$64,480
Reestimates of subsidy	\$1,011,396	\$928,978	\$0	-\$928,978
Administrative expenses	\$159,121	\$156,958	\$166,484	+\$9,526
Total obligations	\$1,547,767	\$1,466,073	\$332,224	-\$1,133,849
Financing:				
Appropriation (current, definite)	\$159,121	\$156,958	\$166,484	+\$9,526
Appropriation (special fund)	\$0	\$0	\$0	\$0
Total current appropriation	\$159,121	\$156,958	\$166,484	+\$9,526
Appropriation (P&I, receipt account) 1/	\$1,388,645	\$1,309,115	\$165,740	-\$1,143,375
Change in obligated balance	-\$1,182	\$0	\$0	\$0
Budget Authority (net)	\$1,547,767	\$1,466,073	\$332,224	-\$1,133,849
Outlays (net)	\$1,547,767	\$1,466,073	\$332,224	-\$1,133,849
Workload and employment:				
Direct loans:				
Number of vendees established	16,871	18,926	5,023	-13,903
Amount of vendees established	\$1,348,721	\$1,852,060	\$507,492	-\$1,344,568
Number of loans acquired	2,317	2,292	2,143	-149
Amount of loans acquired	\$286,007	\$139,903	\$141,596	+\$1,693
Number of SAH loans	0	1	1	0
Amount of SAH loans	\$0	\$33	\$33	\$0
Direct loans from DLFA	\$13,097	\$0	\$0	\$0
Total direct loans made	19,188	21,219	7,167	-14,052
Total amount of direct loans made	\$1,647,824	\$1,991,996	\$649,121	-\$1,342,875
Guaranteed loans:				
Number of loans guaranteed	396,399	280,000	250,000	-30,000
Amount of guaranteed loans	\$43,090,985	\$32,115,917	\$29,535,181	-\$2,580,736
Average employment	2,100	2,050	1,820	-230

The VHBPF Program Account is requesting budget authority of \$332.2 million in 2001. This is composed of \$11.8 million in subsidy appropriations for the making of direct loans totaling \$649.1 million, \$112.2 million in subsidy appropriations for the origination of \$29.5 billion in guaranteed loans, \$41.7 million in loan sales for origination of \$798.7 million in loan sales, and \$166.5 million in administrative appropriations. The subsidy appropriations are permanent, indefinite budget authority and will be transferred to their respective financing accounts as each loan is originated.

<i>Administrative Resources Supporting Benefits Service Delivery</i>				
	1999	2000	2001	Increase (+)
	Actual	Estimate	Estimate	Decrease (-)
FTE	2,100	2,050	1,820	-230
Total Obligations	\$159,121	\$156,958	\$166,484	+9,526

To provide for loan origination, servicing, management, investment and common overhead expenses, \$166.5 million is required to cover the administrative expenses in the VHBPF Program Account during 2001. This amount will provide the Veterans Benefits Administration (VBA) an average employment of 1,758 FTE at a cost of \$103.9 million (payroll) and reasonable common overhead expenses of \$58.1 million (nonpayroll). An additional \$4.4 million is required for reimbursements to the Office of the General Counsel to provide an average employment of 62 FTE, with payroll costs of \$3.6 million and nonpayroll costs of \$766 thousand.

Guaranteed Loan Financing Account

The Veterans Housing Benefit Program Fund, Guaranteed Loan Financing Account is a non-budget account which records all financial transactions to and from the Government resulting from loan guarantees committed since 1992. This account is primarily used for financial tracking of each cohort year's loan activity and is not included in the budget totals when calculating the surplus.

<i>Veterans Housing Benefit Program Fund – Guaranteed Loan Financing Account</i>				
<i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Acquisition of homes	\$1,347,820	\$2,119,843	\$2,428,964	+\$309,121
Losses on defaulted loans	\$518,440	\$432,735	\$488,216	+\$55,481
Payment of downward reest. to program acct.	\$324,460	\$334,727	\$0	-\$334,727
All other	\$440,995	\$302,938	\$342,556	+\$39,618
Total obligations	\$2,631,715	\$3,190,243	\$3,259,736	+\$69,493
Collections:				
Payments from program account	\$555,640	\$999,401	\$112,234	-\$887,167
Recoveries from direct loan financing account	\$1,350,863	\$1,716,078	\$556,391	-\$1,159,687
Cash sale of properties	\$491,250	\$340,580	\$1,459,709	+\$1,119,129
Fees	\$612,513	\$625,109	\$576,999	-\$48,110
All other	\$255,381	\$244,290	\$259,631	+\$15,341
Total collections	\$3,265,647	\$3,925,458	\$2,964,964	-\$960,494
Workload:				
Property acquisitions processed	19,129	21,464	23,971	+2,507
Claims processed	22,002	24,692	27,576	+2,884
Properties sold	18,724	15,064	18,968	+3,904
Property inventory (EOY)	9,382	15,568	20,333	+4,765

The 2001 obligations of \$3,259.7 million represent a \$69.5 million increase over the prior year level of \$3,190.2 million. This increase is due higher costs for property acquisitions (\$309.1 million) and claims processed (\$55.5 million). An additional \$39.6 million in higher costs are associated with acquiring loans, property sales, management and improvement expenses. Partially offsetting the increase is a \$334.7 million reduction in payments to the Program Account for downward subsidy and interest reestimates.

Collections in 2001 are estimated at \$2,965.0 million and consist of \$556.4 million in recoveries from the Direct Loan Financing Account, \$577.0 million from funding fees, \$112.2 million in subsidy payments from the VHBPF Program Account and \$1,459.7 million in cash sale of properties. The remaining balance of collections consist of \$237.6 million from interest on uninvested funds earned from Treasury on unobligated balances and \$18.4 million in other income.

No Congressional action is required for this account since it is a non-budgetary account intended to show how future expenses from guaranteed loans will be financed.

Direct Loan Financing Account

The Veterans Housing Benefit Program Fund, Direct Loan Financing Account operates in the same fashion as the Guaranteed Loan Financing Account. It is a non-budget account which records all financial transactions to and from the Government resulting from direct loans obligated since 1992 (including all vendees established and loans acquired from the Liquidating and Guaranteed Loan Financing Accounts). This account is primarily used for financial tracking of each cohort year's loan activity and is not included in the budget totals when calculating the surplus.

<i>Veterans Housing Benefit Program Fund - Direct Loan Financing Account</i>				
<i>(dollars in thousands)</i>				
	1999	2000	2001	Increase (+)
	Actual	Estimate	Estimate	Decrease (-)
Obligations:				
Direct loans made 1/	\$1,647,858	\$1,991,996	\$649,121	-\$1,342,875
Interest on treasury borrowing	\$233,828	\$117,316	\$109,252	-\$8,064
All other	\$401,512	\$157,768	\$3,840	-\$153,928
Total obligations	\$2,283,198	\$2,267,080	\$762,213	-\$1,504,867
Collections:				
Payments from program account	\$274,713	\$161,170	\$11,813	-\$149,357
Interest on loans	\$98,771	\$155,052	\$141,563	-\$13,489
Loan sale proceeds	\$949,183	\$0	\$0	\$0
All other	\$276,017	\$2,059,045	\$846,673	-\$1,212,372
Total collections	\$1,598,684	\$2,375,267	\$1,000,049	-\$1,375,218
Workload:				
No. of vendees established	16,871	18,926	5,023	-13,903
No. of loans acquired	2,317	2,292	2,143	-149
No. of specially adapted housing loans	0	1	1	0
Property inventory (EOY)	112	228	217	-11

1/ Assumes elimination of the vendee loan operations, effective December 31, 2000.

In 2001, obligations are estimated at \$762.2 million. This represents a \$1,504.9 million reduction from the prior year level of \$2,267.1 million. Most of the decrease is due to fewer recoveries being reimbursed to the VHBPF Liquidating (\$56.3 million) and Guaranteed Loan Financing Accounts (\$451.2 million) for vendees established and loans acquired. Other reductions in costs associated with selling

loans, managing, improving, acquiring loans and selling properties are estimated at \$3.8 million and other costs (\$109.2 million).

Total collections in 2001 are estimated at \$1,000.0 million, representing a \$1,375.2 million reduction from the prior year level of \$2,375.3 million. The largest decreases are expected in the transfer of loan sale funds from Loan Sale Securities Guaranteed Financing Account (\$1,151.8 million), interest on loans (\$13.5 million), and payments from the Program Account (\$149.4 million).

No Congressional action is required for this account since it is a non-budgetary account intended to show how direct loan obligations are financed through permanent, indefinite authority to borrow.

Loan Sale Securities Guaranteed Loan Financing Account

The Veterans Housing Benefit Program Fund, Loan Sale Securities Guaranteed Loan Financing Account is a non-budget account which records all financial transactions, i.e., obligations, collections, and outlays associated with guaranteed loan sales commitments made since 1992.

<i>Veterans Housing Benefit Program Fund - Loan Sale Securities Guaranteed Loan Financing Account (dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Payment to trustee for losses on loans	\$91,744	\$75,052	\$42,146	-\$32,906
Payment to trustee reserve	\$67,775	\$18,830	\$7,311	-\$11,519
Reimburse DLFA for loan sales	\$0	\$1,882,958	\$731,144	-\$1,151,814
Payment of downward reest. to program acct.	\$0	\$283,259	\$0	-\$283,259
All other	\$549,325	\$66,730	\$60,275	-\$6,455
Total obligations	\$708,844	\$2,326,829	\$840,876	-\$1,485,953
Collections:				
Payments from program account	\$558,293	\$148,544	\$41,693	-\$106,851
Payment from liquidating account	\$232,356	\$38,640	\$36,399	-\$2,241
Interest on loans	\$166,381	\$54,000	\$0	-\$54,000
Loan sale proceeds	\$7,728	\$1,882,958	\$731,144	-\$1,151,814
All other	\$11,385	\$27,749	\$24,492	-\$3,257
Total collections	\$976,143	\$2,151,891	\$833,728	-\$1,318,163

The 2001 obligations of \$840.9 million represent a \$1,485.9 million decrease over the prior year level of \$2,326.8 million. This decrease is primarily due to a \$1,151.8 million reduction in reimbursement to Direct Loan Financing Account for loan sales. Adding to the reduction is the payment of the downward reestimate to the Program

account (\$283.3 million), payment to trustee for losses on loans (\$32.9 million), and payment to trustee reserve (\$11.5 million). An additional decrease of \$6.4 million is associated with reimbursement to the Liquidating account for subordinate certificates and loan sale closing costs.

Collections in 2001 are estimated at \$833.7 million and consist of \$731.1 million in loan sale proceeds, \$41.7 million in payments from Program account, and \$36.4 million in payments from Liquidating account. The remaining balance of collections consist of interest on uninvested funds (\$16.9 million) and refunds from the Trust (\$7.6 million).

No Congressional action is required for this account, since it is a non-budgetary account intended to show how the future expenses of the guaranteed financing loan sale securities account are financed.

Native American Veterans Housing Loan Program

Program Description

Public Law 102-547, enacted October 28, 1992, authorized a five-year pilot program to make direct housing loans to Native American veterans under 38 U.S.C. chapter 3761. Initial authority for this Program expired September 30, 1997; however, Public Law 105-114 extended the pilot program until December 31, 2001. The purpose of such loans is to permit Native American veterans to purchase, construct, or improve dwellings on trust lands if VA has entered into a Memorandum of Understanding with respect to such loans with the veteran's tribal organization.

Program Account

The Native American Veterans Housing Loan Program, Program Account was established to request appropriations for the payment of subsidies to the Native American Veterans Housing Loan Program, Direct Loan Financing Account and for the associated administrative expenses, reimbursed to the General Operating Expenses appropriation. In the 2001 President's budget submission this activity is contained in the Miscellaneous Veterans Housing Loans Program Account.

<i>Native American Veterans Housing Loan Program - Program Account</i>				
<i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Direct loan subsidy	\$145	\$133	\$136	+\$3
Administrative expenses	\$515	\$520	\$532	+\$12
Total obligations	\$660	\$653	\$668	+\$15
Unobligated balances:				
Start of year	-\$3,139	-\$2,994	-\$2,861	+\$133
End of year	\$2,994	\$2,861	\$2,725	-\$136
Budget authority (net)	\$515	\$520	\$532	+\$12
Appropriation (current, definite)	\$515	\$520	\$532	+\$12
Outlays (net)	\$664	\$653	\$668	+\$15
Workload, employment, and subsidy:				
Number of direct loans established	16	20	20	0
Amount of direct loans made ^{1/}	\$1,879	\$1,729	\$1,768	+\$39
Average employment	8	8	8	0
Direct loan subsidy rate (percent) ^{2/}	7.72%	7.72%	7.72%	0.00%

^{1/} Includes funding for construction loans in progress.

^{2/} This account is considered one cohort year for budgetary purposes. All subsidies to support this program were appropriated in 1993, therefore 1993 is considered the only cohort year.

In 1993, \$4.5 million was appropriated for subsidy costs to support \$58.4 million in direct loans made to Native American veterans. In 2001, an appropriation of \$532,000 is being requested to reimburse the General Operating Expenses account for the administered expenses incurred. Outlays are estimated to be \$668,000 in 2001.

Direct Loan Financing Account

The Native American Veterans Housing Loan Program, Direct Loan Financing Account is a non-budget account, which records all financial transactions, i.e., obligations, collections, and outlays associated with direct loan obligations. In the 2001 President's budget submission this activity is contained in the Miscellaneous Veterans Housing Loans Direct Loan Financing Account.

<i>Native American Veterans Housing Loan Program Direct Loan Financing Account (dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Direct loans made	\$1,879	\$1,729	\$1,768	+\$39
Interest on treasury borrowing	\$1,620	\$802	\$831	+\$29
All other	\$952	\$6	\$6	+\$0
Total obligations	\$4,451	\$2,537	\$2,605	+\$68
Collections:				
Payments from program account	\$145	\$133	\$136	+\$3
Interest on loans	\$1,215	\$1,234	\$1,329	+\$95
Interest Income from Treasury	\$589	\$0	\$0	\$0
Loan repayments	\$1,764	\$195	\$202	+\$7
Other collections	-\$158	\$76	\$498	+\$422
Total collections	\$3,555	\$1,638	\$2,165	+\$527
Workload:				
Direct loans made	16	20	20	0
Properties acquired	0	1	1	0
Properties on hand (EOY)	0	0	0	0

Obligations are estimated at \$2.5 million for 2000 and are expected to increase to \$2.6 million in 2001. Obligations will support approximately 20 direct loans with a value of \$1.7 million in 2000 and 20 direct loans totaling \$1.8 million in 2001 to Native American veterans. Obligations also reflect interest paid on Treasury borrowing.

Total collections in 2001 are estimated at \$2.2 million, including \$136 thousand in payments from the Native American Veterans Housing Loan Program, Program Account, \$1.3 million from interest income, \$202,000 from loan repayments and \$498,000 in other collections.

No Congressional action is required for this account since it is a non-budgetary account intended to show how direct loan obligations are financed.

Guaranteed Transitional Housing Loans for Homeless Veterans

Program Description

The Guaranteed Transitional Housing Loans for Homeless Veterans program was established by Public Law 105-368, the "Veterans Benefits Enhancement Act of 1998." The program is a pilot project designed to expand the supply of transitional housing for homeless veterans. This program will guarantee up to 15 loans with a maximum aggregate value of \$100 million. Not more than five loans may be guaranteed in the first three years of the program. The project must enforce sobriety standards and provide a wide range of supportive services such as counseling for substance abuse and job readiness skills. Residents will be required to pay a reasonable fee.

Credit Reform

The "Federal Credit Reform Act of 1990," P.L. 101-508, (credit reform) changed the accounting for Federal credit programs to make it consistent with and comparable to non-credit transactions. The intent of credit reform is to separate the subsidy costs (cost to the government), from the nonsubsidized cash flows of credit transactions and to focus on the former for budgeting and analysis.

Program Account

The Program account records the subsidy costs (cost to the government) associated with loan guarantees. Administrative costs are funded from available funds within the General Operating Expenses and Medical Care accounts and may not exceed \$750,000.

Guaranteed Transitional Housing Loans for Homeless Veterans - Program Account

Account Description

The Guaranteed Transitional Housing Loans for Homeless Veterans, Program Account records the payment of subsidies to the Guaranteed Transitional Housing Loans for Homeless Veterans, Guaranteed Loan Financing Account. The administrative expenses of the program are borne by the Medical and General Operating Expenses appropriations. In the President's budget submission this activity is contained in the Miscellaneous Veterans Housing Loans Program Account.

<i>Guaranteed Transitional Housing Loans for Homeless Veterans Program Account (dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Guaranteed loan subsidy	\$0	\$9,600	\$6,400	-\$3,200
Administrative expenses	0	0	0	0
Total obligations	\$0	\$9,600	\$6,400	-\$3,200
Budget authority (net)	\$3,000	\$45,250	\$0	-\$45,250
Appropriation (current, definite)	\$3,000	\$45,250	\$0	\$0
Appropriation (special fund)	\$0	\$0	\$0	\$0
Outlays (net)	\$0	\$9,600	\$6,400	-\$3,200
Workload, employment, and subsidy:				
Number of loans guaranteed	0	3	2	-1
Amount of loans guaranteed	\$0	\$6,600	\$6,600	\$0
Average loan amount	\$0	\$19,800	\$13,200	-\$6,600
Guaranteed loan subsidy rate (percent)	48.25%	48.25%	48.25%	0.00%

In 2001, two loans are expected to be guaranteed, having a loan value of \$13.2 million with a subsidy rate of 48.25 percent and \$6.4 million in subsidy budget authority. Public Law 106-74, enacted October 20, 1999, provided \$48,250,000 to remain available until expended for subsidy costs for up to 15 loans which may be guaranteed under this pilot project.

Guaranteed Transitional Housing Loans for Homeless Veterans - Guaranteed Loan Financing Account

Account Description

The Guaranteed Transitional Housing Loans for Homeless Veterans, Guaranteed Loan Financing Account is a non-budget account, which records all financial transactions, i.e., obligations, collections, and outlays associated with guaranteed loan obligations and is not included in the budget totals when calculating the surplus. In the President's budget submission this activity is contained in the Miscellaneous Veterans Housing Loans, Guaranteed Loan Financing Account.

<i>Guaranteed Transitional Housing Loans for Homeless Veterans</i> <i>Guaranteed Loan Financing Account</i> <i>(dollars in thousands)</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase (+) Decrease (-)
Obligations:				
Total obligations	\$0	\$0	\$0	\$0
Collections:				
Payments from program account	\$0	\$9,600	\$6,400	-\$3,200
Interest Income from Treasury	\$0	\$243	\$81	-\$162
Total collections	\$0	\$9,843	\$6,481	-\$3,362
Outlays (net)	\$0	-\$9,843	-\$6,481	+\$3,362
Workload:				
No. of loans guaranteed	0	3	2	-1
Amount of loans guaranteed	\$0	\$19,800	\$13,200	-\$6,600

In 2001, no obligations from losses on loan guarantees or other costs are expected to be incurred in this program.

Offsetting collections in 2001 are estimated to be \$6.5 million. The collections will consist of \$6.4 million in subsidy payments from the Program Account and \$81,000 from interest on uninvested funds earned from Treasury on unobligated balances. It is anticipated two guaranteed transitional housing loans totaling \$13.2 million with a subsidy rate of 48.25% would be made during the year.

Insurance Programs

Summary

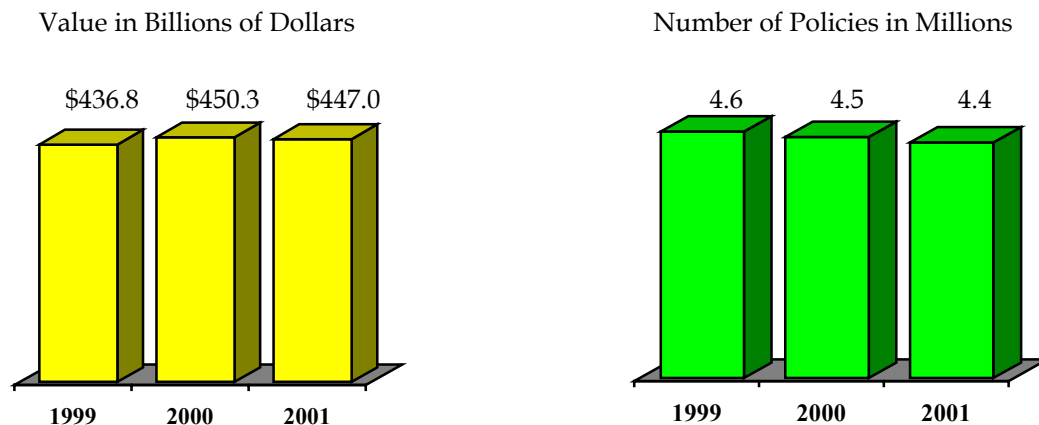
Life insurance protection for the Nation's servicemembers and veterans is provided under eight separate programs. Six of these programs are administered directly by the Department of Veterans Affairs and the remaining two are supervised through contractual relationships with private companies. The Prudential Insurance Company of America, Newark, New Jersey, administers the Servicemembers' Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) programs.

The eight VA insurance programs are financed in a variety of ways. The Veterans Mortgage Life Insurance (VMLI) program is funded from the Veterans Insurance and Indemnities (VI&I) program. The VGLI program is funded by premiums and transfers from the Servicemembers' Group Life Insurance fund. These two are not included in the summary charts shown below. Veteran Insurance and Indemnities is a direct appropriation that supports the costs of insuring disabled veterans. Of the remaining six programs, three are public enterprise funds, two are trust funds, and one is a trust revolving fund.

The seven accounts listed below are covered in the following pages:

Appropriation:	Veterans Insurance and Indemnities (VI&I)
Public enterprise funds:	Service-Disabled Veterans Insurance (SDVI) Veterans Reopened Insurance (VRI) Servicemembers' Group Life Insurance (SGLI)
Trust funds:	National Service Life Insurance (NSLI) United States Government Life Insurance (USGLI)
Trust revolving fund:	Veterans Special Life Insurance(VSLI)

Total Insurance in Force



Veterans Insurance and Indemnities (VI&I)

This appropriation provides for:

- ◆ Payments to the USGLI and NSLI trust funds on claims for death and total disability traceable to the extra hazards of service, and waiver of premiums while in service.
- ◆ Funding and administration for the Veterans Mortgage Life Insurance (VMLI) program. This program provides mortgage protection life insurance to individuals who have received a grant for specially adapted housing. Policies are issued at standard premium rates to individuals who are considered high health risks.
- ◆ Payments are made to policyholders of war-risk insurance issued to veterans of World War I, who are permanently and totally disabled. Payments are also made on non-participating policies issued to World War II veterans with service-connected disabilities.
- ◆ Payments to the Service-Disabled Veterans Insurance fund to supplement premiums and other receipts of the fund to allow veterans with service-connected disabilities to obtain coverage at standard premium rates.

<i>Workload, Obligations, and Revenue</i> (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Number of policies in force (EOY) ^{1/}	3,518	3,430	3,310	-120
Amount of insurance in force (EOY)	\$200,689	\$209,440	\$206,870	-\$2,570
Program:				
Total obligations	\$48,936	\$32,830	\$22,140	-\$10,690
Offsetting collections	-2,366	-2,273	-2,290	-17
Change in unobligated balances	-120	-1,887	0	+1,887
Budget authority (net)	\$46,450	\$28,670	\$19,850	-\$8,820
Transfer from other account				
Appropriation	\$46,450	\$28,670	\$19,850	-\$8,820
Outlays (net)	\$46,660	\$30,926	\$19,850	-\$11,076

^{1/} Public Law 105-368 provided for the transfer of over 1,200 "H" policies to the National Service Life Insurance account beginning in January 1999.

Servicemembers' Group Life Insurance (SGLI)

Formerly known as the Servicemen's Group Life Insurance fund, Public Law 104-275 renamed it the Servicemembers' Group Life Insurance fund, effective October 1, 1996. This fund provides insurance coverage for military personnel, reservists, members of the National Guard, Service Academy cadets and midshipmen, and certain ROTC students. Effective April 1, 1996, Public Law 104-106 amended the automatic level of coverage under SGLI from \$100,000 to \$200,000. Members may elect to decline coverage or reduce coverage in multiples of \$10,000. VA supervises this program. The Prudential Insurance Company of America administers it. The fund is entirely self-supporting, except for any costs resulting from excess mortality traceable to the extra hazard of duty in the armed services. It also reimburses the General Operating Expenses appropriation for VA's supervisory expenses.

<i>Workload, Obligations, and Revenue</i> (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Number of policies in force (EOY)	2,328,500	2,320,000	2,307,000	-13,000
Amount of insurance in force (EOY)	\$429,981,500	\$428,434,000	\$425,949,000	-\$2,485,000
Obligations:				
Premium payments to insurer	\$401,097	\$397,950	\$396,090	-\$1,860
Administrative expenses paid to GOE	501	510	520	+10
Extra hazard liability	221	260	280	+20
Total obligations	\$401,819	\$398,720	\$396,890	-\$1,830
Revenue:				
Offsetting collections	\$401,868	\$398,740	\$396,920	-\$1,820
Outlays (net)	\$-264	\$-210	\$-230	-\$20
Unobligated balance (EOY)	\$708	\$728	\$758	+\$30

Consolidated Insurance Funds

Program Description

The following VA life insurance funds have been consolidated for the 2001 budget submission:

- ◆ United States Government Life Insurance (USGLI)
- ◆ National Service Life Insurance (NSLI)
- ◆ Service-Disabled Veterans Insurance (SDVI)
- ◆ Veterans Reopened Insurance (VRI)
- ◆ Veterans Special Life Insurance (VSLI)

The five insurance programs included under the Consolidated Insurance Funds group contain over 99.8 percent of those policies administered directly by VA. Each of these funds is operated in basically the same manner but there are some differences. The maximum amount of basic coverage available under any of these programs is \$10,000. However, under the NSLI, VRI and VSLI programs, policyholders can purchase additional protection by electing to use their dividends to buy paid-up additional insurance. The SDVI program is unique in that it insures veterans with service connected disabilities at standard premium rates and, therefore, requires an annual subsidy from the Veterans Insurance and Indemnities appropriation. Each program, excluding SDVI, participates in the distribution of annual dividends. Under each of these programs, except USGLI, waiver of premium protection is offered in the event of total disability at no additional cost. For an additional premium, total disability income provision policy riders are available under all of these programs except SDVI. USGLI policies contain a special provision whereby, in the event of total permanent disability, the policy may be matured and the insured receives the proceeds in monthly installments.

United States Government Life Insurance (USGLI)

The United States Government Life Insurance trust fund was established in 1919 to receive premiums and pay claims on insurance converted from the War risk term insurance of World War I.^{1/}

National Service Life Insurance (NSLI)

The National Service Life Insurance trust fund was established in 1940 to serve the insurance needs of World War II service personnel and veterans. Issuance of new policies ended in 1951. The trust fund is sustained through premium collections and interest on investments. This is the largest Government administered insurance program.^{1/}

Service-Disabled Veterans Insurance (SDVI)

The Service-Disabled Veterans Insurance fund is the only VA administered insurance program remaining open to new issues. It was designed as an insurance program for veterans discharged with a disability rating of 10 percent or greater, and provides coverage at standard rates. These individuals might not otherwise be insurable at standard rates due to their disabilities.

Since the fund insures the disabled at standard premium rates, it is not self-sustaining. Periodic payments from the Veterans Insurance and Indemnities appropriation are required to meet current expenditures.

Veterans Reopened Insurance (VRI)

The Veterans Reopened Insurance fund was established on May 1, 1965 and closed on May 2, 1966. It offered veterans, who served between October 8, 1940 and January 1, 1957, the opportunity to obtain permanent life insurance coverage. This coverage was extended only to individuals with service-connected or non-service-connected disabilities who were either uninsurable or who could not qualify for standard rates and were not on active duty at the date of issue of the policy.

Veterans Special Life Insurance (VSLI)

The Veterans Special Life Insurance trust revolving fund was made available for the payment of claims for the insurance program authorized for insurable veterans who served in the Armed Forces after April 24, 1951 and up to January 1, 1957.^{1/}

^{1/} Congressional action authorized the payment of administrative expenses in 1996 out of excess earnings in these funds. This budget assumes the authorization will continue in 2001. These excess earnings are normally paid out to the policyholder in form of annual dividends.

Summary of Budget Request

No action by Congress is required. Budget authority (permanent and indefinite) is made available to the USGLI and the NSLI funds automatically each year by virtue of standing legislation. All obligations of the VSLI and VRI funds are paid from offsetting collections and redemption of investments in U.S. Treasury securities. All obligations of the SDVI fund are paid by transfers from the Veterans Insurance and Indemnities Fund and other offsetting collections.

<i>Summary of Selected Financial and Program Highlights</i> (dollars in thousands)				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
Budget Authority (net)				
NSLI	\$1,248,935	\$1,300,721	\$1,293,650	-\$7,071
USGLI	11,319	10,840	10,440	-400
VSLI	-18,945	-14,460	-21,930	-7,470
VRI	10,317	14,020	16,200	+2,180
SDVI	-10,279	11,454	17,370	+5,916
Total Budget Authority	\$1,241,347	\$1,322,575	\$1,315,730	-\$6,845
Outlays (net)				
NSLI	\$1,201,357	\$1,259,019	\$1,267,319	+\$8,300
USGLI	11,581	12,072	11,664	-408
VSLI	-37,250	-30,180	-36,728	-6,548
VRI	6,586	12,752	15,320	+2,568
SDVI	-10,667	13,141	17,710	+4,569
Total outlays (net)	\$1,171,607	\$1,266,804	\$1,275,285	+\$8,481
Number of policies				
NSLI	1,802,101	1,694,591	1,586,821	-107,770
USGLI	17,973	16,263	14,583	-1,680
VSLI	233,893	228,143	222,393	-5,750
VRI	82,545	77,335	71,944	-5,391
SDVI	154,410	151,250	147,870	-3,380
Total number of policies	2,290,922	2,167,582	2,043,611	-123,971

<i>Administrative Resources Supporting Benefits Service Delivery</i>				
	1999 Actual	2000 Estimate	2001 Estimate	Increase(+) Decrease(-)
FTE	548	525	523	-2
Total Obligations	\$39,524	\$41,858	\$41,300	-\$558